

State of South Dakota

SEVENTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2004

708J0728

HOUSE TAXATION COMMITTEE ENGROSSED NO. **HB 1281** - 02/10/2004

Introduced by: Representative Cradduck and Senator Jaspers

1 FOR AN ACT ENTITLED, An Act to provide for certain property tax exemptions for business
2 incubators owned by nonprofits.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-4 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Any business incubator owned or leased and operated by a local economic development
7 organization is eligible for an exemption from certain property taxes as provided in this section.
8 The governing body of the county, municipality, school district, township, or any other political
9 subdivision of this state in which the property is located may approve a tax exemption by
10 resolution after a determination of eligibility, public notice, and a hearing. If any governing body
11 intends to grant more than one exemption for business incubators, the governing body shall
12 adopt a separate resolution for each business incubator within its jurisdiction. No governing
13 body may grant approval for the business incubator until all of the applicant's taxes have been
14 paid in full. If the property is leased to a business incubator, no governing body may grant
15 approval until all of the owner's property taxes on that property have been paid in full. Payment



1 of taxes under protest does not preclude approval. Prior to holding the hearing, the governing
2 body shall determine that the local economic development organization:

- 3 (1) Is a private, nonprofit corporation and is exempt from taxation pursuant to section
4 501(c)(3), 501(c)(4), or 501(c)(6) of the Internal Revenue Code as of January 1,
5 2004;
- 6 (2) Is engaged in economic development and business assistance work in the area; and
- 7 (3) Owns and operates or will operate the business incubator.

8 The tax exemption described in this section applies only to the taxes levied by the governing
9 body approving the exemption over which the governing body has the ability to levy a property
10 tax upon.

11 Section 2. That § 13-13-20.4 be amended to read as follows:

12 13-13-20.4. The actual assessed valuation of any property given a reduced valuation
13 pursuant to §§ 10-6-35.1, 10-6-35.2, 10-6-35.4, 10-6-35.21, 10-6-35.22, 10-6-35.24, 10-6-35.25,
14 10-6-54, 10-6-55, 10-6-66, and 10-6-67 shall be used when calculating state aid to education.
15 For any property given a reduced valuation after November 1995, pursuant to §§ 10-6-35.1,
16 10-6-35.2, 10-6-35.4, 10-6-35.21, 10-6-35.22, 10-6-35.24, 10-6-35.25, 10-6-54, 10-6-55,
17 10-6-66, and 10-6-67 that has not previously received a reduced valuation pursuant to these
18 statutes, the portion of actual assessed valuation of the property used when calculating state aid
19 to education shall be twenty percent in the first year, forty percent in the second year, sixty
20 percent in the third year, eighty percent in the fourth year, and one hundred percent each year
21 thereafter. In addition, the actual assessed valuation of any property given exempt status
22 pursuant to section 1 of this Act shall be used when calculating state aid to education.

23 Section 3. That § 10-12-44 be amended to read as follows:

24 10-12-44. The county auditor in each school district shall raise additional revenue, for the

1 general fund and special education funds, from property taxes to compensate for tax abatement,
2 tax increment financing district, or discretionary formula as follows:

3 (1) For tax incremental districts created pursuant to chapter 11-9 and formed after
4 December 31, 1994, the county auditor shall levy an additional tax levy for an
5 amount not to exceed an amount equal to the sum of the levies in §§ 10-12-42 and
6 13-37-16 times the tax increment valuation as defined in § 11-9-1;

7 (2) For property subject to § 10-6-35.2, 10-6-35.12, 10-6-35.24, 10-6-35.25, 10-6-54,
8 10-6-55, or 10-6-67 the county auditor shall levy an additional tax levy for an amount
9 not to exceed the amount of taxes that were not collected due to the reduction in
10 valuation based on the maximum levies pursuant to §§ 10-12-42 and 13-37-16;

11 (3) For abated taxes the county auditor shall levy an additional tax levy for an amount
12 not to exceed the amount of the school district's portion of the taxes that were abated
13 pursuant to chapter 10-18 during the previous tax year;

14 (4) For properties given exempt status pursuant to section 1 of this Act.

15 The levies in this section are not subject to the referendum provision of § 10-12-43 and these
16 levies shall maintain the same proportion to each other as represented in the mathematical
17 relationship at the maximum levies pursuant to § 10-12-42.